

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 NSC-05 SS-15

SSO-00 NSCE-00 INRE-00 L-03 TAR-01 INT-05 /086 W

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O R 211155Z JAN 76

FM USMISSION EC BRUSSELS

TO SECSTATE WASHDC IMMEDIATE 338

INFO ALL EC CAPITALS 1565

AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: ETRD, EIND, EEC

SUBJECT: EC COMMISSION REACTION TO STEEL ESCAPE CLAUSE FINDING

REF: (A) STATE 12719, (B) BONN 920, (C) MTN GENEVA 396 (NOTAL)

1. A NUMBER OF HIGH EC COMMISSION OFFICIALS HAVE SPOKEN TO THE AMBASSADOR REGARDING THE US "ITC'S ESCAPE CLAUSE DETERMINATION ON ALLOY STEELS. THEIR THEME HAS BEEN THAT IF THE PRESIDENT WERE TO ACCEPT THE COMMISSION'S RECOMMENDATIONS, THERE WOULD BE A RISK OF SERIOUS PROBLEMS WITH THE EC AND OUR OTHER MAJOR TRADING PARTNERS. THEY URGE, THEREFORE, THAT THE USG CONSIDER THE INTENRATIONAL ASPECTS OF THE CASE VERY CAREFULLY.

2. THE EC COMMISSION AND THE MEMBER STATES WILL BE DISCUSSING THE ITC'S DETERMINATION IN A MEETING OF A COAL AND STEEL COMMUNITY ADVISORY COMMITTEE MEETING ON JAN. 22, AND IN TYE ARTICLE 113 COMMITTEE MEETING ON JAN. 23. UNTIL THESE MEETINGS TAKE PLACE THERE CANNOT BE AN OFFICIAL COM-MUNITY REACTION. HOWEVER, IN A CONVERSATION WITH THE

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AMBASSADOR, DIRECTOR GENERAL FERNAND BRAUN STATED THE

VIEW THAT THE BEST WAY TO HANDLE THIS PROBLEM WAS TO DISCUSS IT THOROUGHLY IN THE OECD. LOERKE, THE COMMISSION'S US DESK OFFICER, FEELS THE SAME WAY. HE TOLD A MISSION OFFICER HE THINKS THE COMMISSION WILL URGE A LINE WHICH CAN BE SUMMED UP IN A STATEMENT HE MADE TO THE NEW YORK TIMES (REF C), THAT " PROBLEMS OF THE TYPE MENTIONED BY US STEELMAKERS SHOULD BE DEALT WITH ON AN INTERNATIONAL BASIS."

3. THE STARTING POINT FOR THINKING, HE SAID, WAS THAT THERE WERE SERIOUS DIFFICULTIES IN THE STEEL SECTOR IN BOTH THE EC AND THE US. THE SOLUTION WAS NOT TO IMPOSE QUOTAS UNILATERALLY (A POLICY OPTION THE COMMISSION HAD RESISTED) BUT TO DISCUSS THE PROBLEM IN MULTILATERAL FORA, STARTING WITH THE OECD. HE HAD NO PARTICULAR REMEDIES TO PROPOSE, BUT FEARED THAT IF ONE SIDE SHOULD ADOPT UNILATERAL MEASURES, OTHER COUNTRIES WOULD FIND IT HARD TO RESIST PRESSURES TO DO LIKEWISE.

4. LOERKE MADE IT CLEAR THAT HE WAS IN NO SENSE THREATENING, ON BEHALF OF THE EC, TO DRAG THE US INTO THE OECD. HE HOPED, RATHER, THAT THE US WOULD FOLLOW THE EC'S EXAMPLE, AND REQUEST OECD CONSULTATIONS. GREENWALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE LAW, IMPORT QUOTAS, FERROALLOYS
Control Number: n/a
Copy: SINGLE
Draft Date: 21 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976ECBRU00581
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760022-0907
From: EC BRUSSELS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760136/aaaabfaz.tel
Line Count: 86
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 12719, 76 BONN 920, 76 MTN GENEVA 396
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 26 MAR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <26 MAR 2004 by izenbei0>; APPROVED <12 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: EC COMMISSION REACTION TO STEEL ESCAPE CLAUSE FINDING
TAGS: ETRD, EIND, US, EEC
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006